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| In re: | : | UNITED STATES BANKRUPTCY COURT |
| SHAPES/ARCH HOLDINGS L.L.C., <u>et</u> | : | FOR THE DISTRICT OF NEW JERSEY |
| <u>al.</u> , | : | CHAPTER 11 |
| | : | |
| Debtors. | : | CASE NO. 08-14631 (GMB) |
| | : | |
| | : | Hearing Date: September 30, 2008 |
| | : | at 2:00 p.m. |

**AFFIDAVIT IN SUPPORT OF FIRST AND FINAL APPLICATION OF PHOENIX
MANAGEMENT SERVICES, INC., RESTRUCTURING ADVISOR FOR THE
DEBTORS, FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD FROM MARCH 16, 2008 THROUGH AUGUST 8, 2008**

STATE OF NEW JERSEY)
 :
COUNTY OF CAMDEN)

Michael E. Jacoby, of full age, being duly sworn according to law, upon his oath deposes
and says:

1. I am a shareholder of the firm of Phoenix Management Services, Inc.
("Phoenix"), which firm is restructuring advisor to Shapes/Arch Holdings L.L.C. and its related
debtor entities, the debtors and debtors-in-possession (collectively the "Debtors")¹ in the above-
captioned matter.

¹ In addition to Shapes/Arch Holdings L.L.C. ("Shapes/Arch"), the following entities, all of
which are wholly owned subsidiaries or Shapes/Arch, also filed petitions on the Petition Date
(defined below): Shapes L.L.C. ("Shapes"); Delair L.L.C. ("Delair"); Accu-Weld L.L.C.
("Accu-Weld"); and Ultra L.L.C. ("Ultra").

2. On March 16, 2008 (the "Petition Date"), the Debtors filed their petitions for relief under Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code").

3. No trustee or examiner has been appointed in these cases.

4. An official committee of unsecured creditors (the "Committee") was appointed on March 31, 2008 and was actively involved in these cases through the Effective Date of the Plan.

5. By Order dated April 9, 2008, Phoenix was retained to represent the Debtors as their restructuring advisors in these bankruptcy proceedings on the terms set forth in Phoenix's retention application, effective as of March 16, 2008.

6. On March 18, 2008, the Administrative Order Pursuant To 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Compensation Procedures Order") was entered by the Court.

7. Phoenix submits this Affidavit in support of its first and final application for compensation and reimbursement of expenses (the "Final Fee Application"), for its services to the Debtors during the period of March 16, 2008 through August 8, 2008 (the "Final Period").

8. On April 23, 2008, Phoenix filed its first monthly fee statement for compensation and reimbursement of expenses for the period from March 16, 2008 through March 30, 2008 (the "First Monthly Fee Statement") requesting compensation for services rendered in the amount of \$41,385.00 and reimbursement of actual and necessary expenses in the amount of \$253.81. No objections were filed to the First Monthly Fee Statement. Pursuant to the Compensation Procedures Order, Phoenix has received 80% of fees (\$33,108.00) and 100% of expenses incurred (\$253.81) with respect to the First Interim Fee Statement.

9. On May 22, 2008, Phoenix filed its second monthly fee statement for compensation and reimbursement of expenses for the period from March 31, 2008 through April 27, 2008 (the "Second Monthly Fee Statement") requesting compensation for services rendered in the amount of \$101,425.00 and reimbursement of actual and necessary expenses in the amount of \$954.20. No objections were filed to the Second Monthly Fee Statement. Pursuant to the Compensation Procedures Order, Phoenix has received 80% of fees (\$81,140.00) and 100% of expenses incurred (\$954.20) with respect to the Second Monthly Fee Statement.

10. On June 12, 2008, Phoenix filed its third monthly fee statement for compensation and reimbursement of expenses for the period from April 28, 2008 through June 1, 2008 (the "Third Monthly Statement") requesting compensation for services rendered in the amount of \$141,864.00 and reimbursement of actual and necessary expenses in the amount of \$1,485.68. No objections were filed to the Third Monthly Fee Statement. Pursuant to the Compensation Procedures Order, Phoenix has received 80% of fees (\$113,491.20) and 100% of expenses incurred (\$1,485.68) with respect to the Third Monthly Fee Statement.

11. On July 11, 2008, Phoenix filed its fourth monthly fee statement for compensation and reimbursement of expenses for the period from June 2, 2008 through June 29, 2008 (the "Fourth Monthly Statement") requesting compensation for services rendered in the amount of \$83,282.00 and reimbursement of actual and necessary expenses in the amount of \$706.23. No objections were filed to the Fourth Monthly Fee Statement. Pursuant to the Compensation Procedures Order, Phoenix has received 80% of fees (\$66,625.60) and 100% of expenses incurred (\$706.23) with respect to the Fourth Monthly Fee Statement.

12. On August 8, 2008, Phoenix filed its fifth monthly fee statement for compensation and reimbursement of expenses for the period from June 30, 2008 through August 3, 2008 (the

"Fifth Monthly Statement") requesting compensation for services rendered in the amount of \$60,286.50 and reimbursement of actual and necessary expenses in the amount of \$782.78. The deadline to object to the Fifth Monthly Fee Statement is August 28, 2008.

13. Substantial time has been expended in this proceeding, and incorporated herein as Exhibit "A" is a description of services rendered during the First, Second, Third, Fourth and Fith Monthly Statements.

14. Phoenix has also incurred fees of \$3,240.00 and expenses of \$-0- from the period of August 4, 2008 through August 8, 2008, as further detailed on Exhibit "B".

15. This time is further delineated in Section II of the Fee Application Cover Sheet, filed herewith, which reflects a total of 1,345.50 hours in time expended during the Final Period.

16. A schedule of professionals and paraprofessionals identifying the professional or paraprofessional rendering services to the estates as set forth in the attached Exhibit "A" and Exhibit "B", is provided in Section I of the Fee Application Cover Sheet, filed herewith.

17. Attached hereto Exhibit "C" is a narrative by Michael E. Jacoby, which delineates professional services rendered during the Final Period and the status of the case.

18. It is submitted that the hourly rates which are requested are fair and reasonable under the terms and conditions of general employment.

WHEREFORE, your applicant requests that a first and final allowance be made to Phoenix in the total amount of \$431,482.50 for compensation and \$4,182.70 for actual and

necessary expenses incurred during the Final Period and that such amounts be authorized for payment in full.

PHOENIX MANAGEMENT SERVICES, INC.

By: 
Michael E. Jacoby

Submitted By,

COZEN O'CONNOR

By: /s/ Jerrold N. Poslusny, Jr.
Mark E. Felger
Jerrold N. Poslusny, Jr.

Sworn to and subscribed
Before me this 2nd day
of September 2008.

/s/ Debbie Reyes
Notary Public of New Jersey
My Commission Expires Aug. 5, 2009